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24 September 1980

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM:

Harry E. Fitzwater Director of Personnel

Policy, Planning, and Management

SUBJECT:

DCI Concerns re Payment of Rank Stipend and Performance Award Monies in January 1981

## Issue #1

By delaying payment of Rank Stipend and Performance Award monies, will the Agency be subject to criticism regarding the integrity of the SIS Rank Stipend and Performance Award Program?

We have discussed this matter with the Office of Personnel Management (OPM) and found no cause for concern if CIA permits stipend and award recipients to choose between receiving their bonus payments in January 1981 rather than in December 1980. OPM is aware of the Department of State's published procedures permitting their Senior Executive Service (SES) members to so choose and has no objections. OPM's only caveat is that stipend/award payments be made in the same fiscal year for which programmed, budgeted, and approved. This has always been our intent.

## Issue #2

Would payment of Rank Stipend and Performance Award monies in January 1981 provide an incentive to the SIS recipient to retire?

CIA's experience with pension cost-of-living increases and anticipated changes in the Federal retirement systems has been that relatively few senior officers have decided to retire based on short-run financial considerations. While there are tax advantages in receiving stipend or award payment in one's first year of retirement while the annuity is not taxed, we doubt that this will prove to be a significant factor in a senior officer's decision to retire or to continue working. In any case, the following breakdown of the number and amounts of stipends/awards which may be approved indicates that only SIS officers can receive payments of \$9,000 or more:

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-- A potential CIA SIS officers are affected.

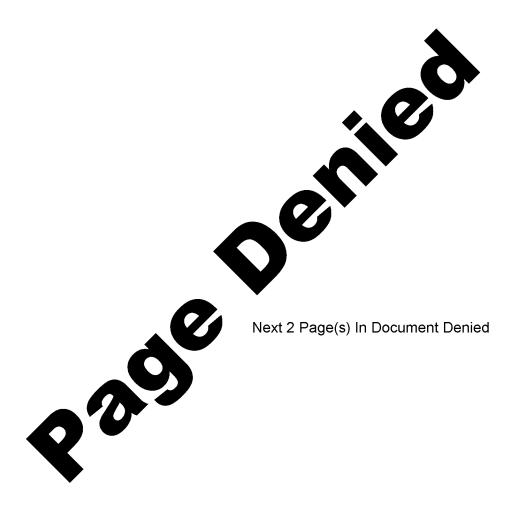
## Dollar Amounts Payable for Stipends and Awards

	SIS-6 (\$52,750)	SIS-1 through SIS-5 (\$50,112,50)	
RANK STIPENDS			
Distinguished Officer	\$16,880*	\$19,517.50*	
Meritorious Officer	\$10,000	\$10,000	
PERFORMANCE AWARDS			
20%	\$10,550	\$10,022.50	
18%	\$ 9,495	\$ 9,020.25	
15%	\$ 7,912.50	\$ 7,516.87	
11%	\$ 5,802.50	\$ 5,512.37	
7%	\$ 3,692.50	\$ 3,507.87	

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<sup>\*</sup>Reduced to comply with statutory limitation on total remuneration (\$69,630).



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Harry E. Fitzwater Director of Personnel Policy, Planning, and Ma			EXTENSION	NO. Pus	L 80-	3434
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